

## **The Finnish Industrial Union**

### **Answers and Comments on the Questions 09.10.2018**

#### **Future Climate and Energy Policy – a Strategy for long-term EU greenhouse gas emissions reductions**

##### **Paris Agreement – reduce GHGs (Elspeth)**

**Agreement to act, what do you think the EU should contribute to achieve the Paris Agreement's objectives...**

**In your opinion, what are the biggest opportunities and challenges?**

**The biggest opportunities are as following:**

The greatest opportunities concern on the one hand to the developing and producing the technology, which is needed in reducing greenhouse gas emissions. And on the other hand to the producing environmentally friendly energy (in those countries where it is possible inexpensive enough).

In both of these opportunities, the fault is that opportunities exist in only a few European countries. Environmental technology is developed and manufactured in practice in those rare European countries with advanced suitable industry and large enterprises. Affordable, environmentally friendly energy can be produced in a few rare European countries such as wind energy in Ireland, geothermal energy in Iceland and hydroelectric energy in Norway. When alternative energy production forms are therefore needed, nuclear power is a good intermediate energy production form.

As the IPCC report shows, the reduction of greenhouse gas emissions must be a global activity. Europe can not afford to allow its industries and emissions to move outside Europe to countries, which allow emissions higher than Europe. There is not either nothing to guarantee that future technology will be developed and manufactured in Europe.

**The biggest challenges are the following:**

The biggest challenges concern to current situation, where even very basics of energy issues tend to be forgotten. Energy supply should in Europe also in the future be sufficient and secure. Electricity distribution networks must be sufficiently modern and extensive. Energy should be available for industry and households for a competitive and predictable price compared to competing economies globally. Within the Energy Union framework, every single EU Member State should have an opportunity to implement its own energy policy and energy mix, taking into account their national energy demand, labor market situation, industrial structure and energy intensity of production, location, natural circumstances and natural resources.

If the purpose is to reduce greenhouse gas emissions, this one goal itself is enough. It must be the only goal and line of reducing greenhouse gas emissions. The target of improving energy efficiency and the goal of increasing the share of renewable energy will only blur the matter and will put the member states in even worse position. After all, improving energy efficiency and increasing share of renewable energy will automatically be implemented through the GHG emission reducing measures.

The greenhouse gas emission reduction targets within EU member states are not fair. Some member states have been subject to much more stringent emission reduction targets compared to other ones.

There is a lack of understanding that if and when an energy-intensive industry moves away from Europe, many other industries are moving away at the same time. If the steel mills, chemical mills or paper and pulp mills move away, many engineering works and plastic factories supposedly move away as well.

## **Employment and socially fair transition (Corinna)**

**How can opportunities and challenges (in particular related to carbon intensive sectors or regions) be addressed?**

**What key economic transformations should the EU pursue to achieve a low carbon and resilient economy?**

**Opportunities can be addressed as following:**

Those countries, with large wind turbine or solar panel manufacturers, can sell their products to other European countries. Quite quickly anyhow, China will overtake the market, after which equipment will be purchased from there. Duty tariffs, and other border adjustment measures are useless in this kind of situation, and there does not exist any political intent to implement any kind of border adjustment measures onto EU borders.

Some European countries have natural environmental friendly and low-cost forms of energy production and they benefit from the situation. The other countries, which have not mentioned opportunities, are more or less losers.

**Challenges can be addressed as following:**

The amount of allowances should be increased into the ETS emissions trading scheme in order to reduce the price of the allowance unit.

Climate policy development must be a long-term activity. Energy companies and industrial companies dare to invest more if they can rely more on the persistence of legislation.

The European Union should interfere as less as possible with the energy solutions of its member states. Thus, member states could implement the energy solutions in the best possible way from their point of view.

The aim of improving energy efficiency and the goal of increasing the share of renewable energy should be abandoned. Only the greenhouse gas reduction target should be maintained.

Reduction targets for greenhouse gas emissions in each EU Member State should be reviewed. The injustices must be corrected. The reference year 2005 should be replaced for example by the average of 2002–2008, which would be more fair and relevant solution.

The European Union needs to draw up a new study or review of how the loss of energy intensive industries will actually affect other industrial sectors and service sectors.

**To achieve a low carbon and resilient economy EU should pursue key economic transformations as following:**

The European Union must continue its efforts to reduce greenhouse gas emissions, but at the same time closely monitor what is happening in competing economies. European greenhouse gas emissions however consist only of 11 percent, if not less, of the total greenhouse gas emissions in the World.

Attention should be paid to keep the energy price in EU-area competitive. At the same time, the legislative environment must be changed more predictable. This will increase investments in the European Energy sector in the future.

All actions aiming at climate goals should as much as possible be cost-effective. Economic benefits need to be created in hand by hand with costs. This applies not only to industry and energy production, but also to housing and logistics costs. Then the EU Member States will not lose their competitiveness compared to other economies.

In the future, climate negotiations should proceed in the way, where the EU member states themselves will influence in what they undertake. In Paris agreement EU first committed itself to some goals and then allocated them unfairly to the Member States.

## **Energy (Corinna)**

**What are the biggest opportunities, including for the wider economy?**

**What are the biggest challenges, including as regards public acceptance or the availability of land and natural resources, related to these future developments?**

**The biggest opportunities are as following:**

The greatest opportunity in the energy sector is to find and create revolutionary energy production technologies or energy-saving industrial technologies and processes. The development and construction of smart grids is likely to be part of this development.

As long as electricity is not able to be stored, it is necessary to balance wind power and other weather-dependent electricity generation pits by the stable basic production of electricity. From the options, nuclear power is the most environmentally friendly and competitive form of electricity generation for guaranteed term long enough.

Today, however, no new technology can be created without strong inputs into R&D&I-activities. That is not even enough, but also strong inputs into industrial policy is needed.

**The biggest challenges are the following:**

The biggest challenges are that energy production has been made by all the time changing and intrusive regulation so difficult that too few enterprise is in favor of investing in traditional energy production forms. If no new energy technology can be created in time, there will eventually be a shortage of energy and rising energy prices.

To achieve the climate goals, a sufficiently long transition period is needed to develop the necessary new energy production technology.

Some energy production forms in some EU Member States receive large subsidies from state. This distorts the situation, and not always the most efficient and affordable energy production mode will be chosen into use. At worst, subsidies will have to be paid for all energy production forms.

The efficiency of the CHP plants, that produce both electricity and heat, is high. The construction and use of CHP plants is in many cases hampered by distorted subsidy policies. CHP plants could be one way to increase energy efficiency.

## **Additional Comments (Elspeth)**

Due to the climate targets, in Europe there has had to shut down such oil and coal-fired power plants that would still have had effective lifetime left. This has caused enormous costs in Europe. These costs have shifted to energy prices, but they are not visible as a whole anywhere.

The IndustriAll message has been until now that the Paris Climate Agreement and greenhouse gas emission reduction targets for Europe will ultimately lead to an increase in energy prices. This means in practice that the global competitiveness of Europe's energy-intensive sectors is deteriorating. Because of this at least one part of Europe's energy-intensive industry is shifting away from Europe. The energy-intensive industry will move to countries that allow higher GHG emissions. Other industries, linked to energy intensive industries, will move after it. As a final result, global emissions has been increasing. Europe has been losing a lot of its' industrial base and jobs. This development makes no sense and IndustriAll should be a party, which says it aloud.

It is very difficult and very expensive to increase the energy efficiency of buildings in those countries where due to weather conditions it already is high. Increasing the energy efficiency of buildings has already led to mold damage in buildings in the Nordic countries. These kind of damage are enormous expensive to fix.

Increasing transport costs will lead to major problems for individual persons in sparsely populated areas where it is not possible to organize any functioning public transport.